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C O R R E C T E D COPY LAST LINE OF TEXT

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TAGS: [PGOV](#) [PREL](#) [ELAB](#) [ECON](#) [SOCI](#) [GR](#)
SUBJECT: STRIKES BRING GREECE TO STAND STILL - SOCIAL
SECURITY REFORM ON TRACK
REF: ATHENS 400

SENSITIVE BUT UNCLASSIFIED -- PROTECT ACCORDINGLY

SUMMARY

¶1. (SBU) Private and public sector unions continued their ongoing strike against government-sponsored social security reforms today, a situation which has essentially brought most of the country to a stand still. Professionals from the ranks of lawyers, doctors, engineers, and teachers joined electricity workers in the protest against the government's pension reform bill intended to streamline a fragmented and deficit-ridden system. Demonstrations will culminate at the Parliament tonight, March 20, when the government's bill on social security reform is expected to pass. While passage represents a government success over the stalwart unions, this is but one battle in a war to liberalize Greece's economy. End Summary.

Strikes Bring Greece To A Stand Still

¶2. (U) Unions announced a 24-hour nationwide general strike for March 19, 2008, effectively paralyzing the country; most unions continued the strike on March 20, in light of the planned government vote on social security reform that day. Electricity workers continued their strike for the second week, joined by lawyers, doctors, engineers, teachers, and other professionals on March 17. Unions organized a rally at central Athens on March 19 and will demonstrate at the Parliament on March 20. The country continues to be plagued by electricity interruptions, remaining piles of garbage (sanitation workers returned to work Monday after more than a week on strike), limited banking operations, and serious transportation woes. Strikes are expected to dwindle after March 20, when the social security bill is expected to pass in Parliament. With opposition parties and unions refusing to enter into a dialogue with the government on this issue, the bill is expected to pass without significant challenge or revision. The opposition and unions continue to demand the government withdraw the bill.

Social Security Reform Touches All

¶3. (U) The social security reform bill seeks to streamline Greece's fragmented and deficit-ridden pension system by slashing Greece's 133 pension, health and provident funds now overseen by the labor ministry for private sector

workers to just 13 umbrella funds; it raises the effective retirement age for women and working mothers; uses incentives and disincentives to keep employees working longer; establishes a new super-fund to help cover the pension needs of workers retiring after 2019, and caps the payouts of so-called supplementary pensions that retirees collect over and above their main pensions. The plan also proposes several secondary reforms aimed at further improving the functioning of the system, such as the introduction of a single pension and health care identification number, to be brought in by mid-2009. At the end of the day, the measures will affect the vast majority of Greece's professionals and private and public sector workers.

Comment

¶4. (SBU) Although the strikes witnessed an unparalleled level of participation and managed to bring the country to a stand still, unions appear to be unable to break the government's will and block passage of the social security reform bill. However, workers and professionals appear convinced that very soon they will see their social security perks diminished or eliminated. Recent opinion polls indicated that 71 percent of those questioned opposed the reforms and 69 percent supported the strikes. If the government does not proceed with additional economic liberalization reforms and take measures to reverse the negative climate, its likely social security reform bill triumph could become a pyrrhic victory.
SPECKHARD